

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

December 31, 2002

In Reply Refer To:
3630(320)P

EMS TRANSMISSION 01/10/2003
Instruction Memorandum No. 2003-059
Expires: 9/30/2004

To: All Field Officials

From: Assistant Director, Minerals, Realty and Resource Protection

Subject: Reissue of Mineral Materials Appraisal Policy

BACKGROUND: This Instruction Memorandum(IM)reissues policy guidance on appraisals for the mineral materials program after making corrections in citations necessitated by the new 43 CFR 3600 regulations published November 23, 2001. The policy in this IM was included in IM No. 2001-043-Mineral Materials Inspection and Enforcement, Production Verification, and Appraisal Policy. The IM No. 2001-043 was superseded by H-3600-1, Mineral Materials Disposal Handbook dated 2/22/2002, Release 3-315. The H-3600-1 handbook incorporated the inspection, enforcement and production verification guidance. The appraisal policy guidance contained in the IM No. 2001-043 is being issued by this IM, and will be incorporated into the next revision 3630 - Mineral Materials Appraisal manual and handbook sections.

POLICY: The mineral material appraisal for public lands is a high priority of the Bureau of Land Management (BLM). The BLM's goal is proper compensation to the Federal Government during mineral material sales and during the resolution of mineral trespass, when it occurs.

It is BLM's policy to sell mineral material resources at not less than fair market value (see 43 CFR 3601.6). The BLM Manual Section 3630 requires that fair market value is determined by an appraisal and appraisals more than two years old are not to be used to determine fair market value. Reappraisals of materials under sales contracts are conducted at intervals of not less than two years. The mineral material appraiser will use methods for conducting appraisals that are recognized in the Mineral Material Appraisal Manual 3630 and H-3630-1 Handbook.

The following options are acceptable modifications to the appraisal functions and are designed to simplify the process and prioritize funding for appraisals:

1. State Offices will develop an annual ranking of mineral material sites that need to be appraised or reappraised based on the estimated value of mineral materials that will be removed and the overall benefits and risks to the Government. Priority of funding will be provided for those sites for which appraisals or reappraisals would be most beneficial for the Government.

2. States that have large mineral material programs or are finding cost inefficiencies in conducting the site specific appraisals should consider contracting out a statewide appraisal. The appraisal should establish zones within the State to consider the local market conditions. For special commodities and large sales, the site specific appraisals are preferred.

3. The effective life of mineral material appraisals may be extended by applying appropriate price indices. Instead of conducting a new appraisal every 2 years, an appropriate Producer Price Index published by the U.S. Bureau of Labor Statistics would be used to adjust the estimate of the fair market value. For sales however, such an adjustment is not recommended for more than 6 years from the date of the original appraisal. After 6 years a new appraisal will be performed. For free use permits, price indexing may be utilized on appraisals that are more than 6 years old.

For all appraisals, checks should be conducted periodically within the appraisal area to ensure that the appraisal is still reasonable.

TIMEFRAMES: The policies are already in effect.

BUDGET IMPLICATIONS: To be performed within existing budget allocation.

COORDINATION: Washington, State, and Field Offices.

CONTACT PERSON: Durga Rimal, Solid Minerals Group (WO-320) at (202) 452-0372.

Signed by:
John W. Broderick
Acting, Assistant Director
Minerals, Realty and Resource Protection

Authenticated by:
Robert M. Williams
Policy and Records Group, WO-560